

Message Text

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44

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FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC 4008

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CAIRO

AMEMBASSY CONAKRY

AMEMBASSY DAMASCUS

AMEMBASSY DOHA

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AMEMBASSY JIDDA

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DEPT PASS EXIMBANK

E.O. 11652: N/A

TAGS: BEXP, EFIN, KU, US

SUBJECT: VISIT OF EXIMBANK OFFICIALS TUTINO AND BIERMAN
TO KUWAIT.

SUMMARY: EXIMBANK EXECUTIVE VP TUTINO AND DEPUTY SENIOR VP
BIERMAN HAD SHORT, BUSY AND FRUITFUL VISIT TO KUWAIT
NOVEMBER 1-3. EXIMBANK OFFICIALS HAD OPPORTUNITY DISCUSS
POSSIBLE COOPERATIVE PROGRAMS WITH MINISTER FINANCE ATEEQI
AND LOCAL BANKING AND INVESTMENT LEADERS. ATEEQI OUTLINED
LIMITATIONS ON COOPERATION, BUT HE REITERATED DESIRE TO
WORK WITH US AND EXIMBANK WHEREVER POSSIBLE. BANKING AND
INVESTMENT LEADERS DISCUSSED SPECIFIC PROJECTS WHICH DESERVE
CLOSE ATTENTION IN WASHINGTON, ALTHOUGH EXIM MAY FIND IT
DIFFICULT TO AGREE TO KUWAITI PROPOSALS. AT LEAST TWO LOCAL
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INSTITUTIONS EXPRESSED KEEN INTEREST IN ESTABLISHING CO-

OPERATIVE FINANCING FACILITY (CPF) ARRANGEMENTS WITH EXIM, AND APPEARS OTHERS MAY ALSO BE INTERESTED. EXIM OFFICIALS FOUND KUWAITI COMPANIES CURRENTLY DOING BUSINESS WITH BANK WELL RUN AND LIKELY TO WANT TO EXPAND VOLUME OF BUSINESS. EMBASSY BELIEVES VISIT WAS USEFUL IN FOCUSING INTEREST ON SPECIFIC PROJECTS AND AREAS WHERE KUWAITI-EXIM COOPERATION CAN INCREASE. END SUMMARY.

1. EXIMBANK EXECUTIVE VICE PRESIDENT TUTINO AND DEPUTY SENIOR VP BIERMAN VISITED KUWAIT NOVEMBER 1 AND 2, LEAVING EARLY NOVEMBER 3. EXIM OFFICIALS WENT DIRECTLY FROM AIRPORT TO KUWAIT NATIONAL ASSEMBLY WHERE FINANCE MINISTER ATEEQI MET WITH THEM DURING HALF-HOUR RECESS. TUTINO EXPRESSED EXIM'S DESIRE TO COOPERATE WITH GOK PARTICULARLY IN PROJECTS WHERE KUWAITI FINANCIAL RESOURCES COULD COMPLEMENT THOSE OF EXIMBANK. RECALLING PREVIOUS MEETINGS WITH CHAIRMAN CASEY IN KUWAIT AND IN WASHINGTON, ATEEQI REITERATED HIS GENERAL DESIRE TO COOPERATE WITH US IN THIRD COUNTRIES. HE OBSERVED, HOWEVER, THAT GOK AND LOCAL AID FUNDS OFTEN REQUIRED OPEN TENDERS WHICH HE SAID LIMITED ROLE EXIM COULD PLAY WHERE GOK LOANS ARE INVOLVED. ON OTHER HAND SINCE EXIM COULD NOT TAKE EQUITY INTEREST IN PROJECTS IT COULD NOT JOIN GOK IN JOINT VENTURE. KUWAITIS ALSO SOMEWHAT WARY OF STIPULATION THAT US GOODS BE BOUGHT WITH EXIM FUNDS. NEVERTHELESS, ATEEQI DID INDICATE A DESIRE TO COOPERATE WITH US INSTITUTIONS INCLUDING EXIMBANK PROVIDING RIGHT PROJECT AND CIRCUMSTANCES EXISTED. NOTING OCCASIONAL POLITICAL PROBLEMS AT ANY PARTICULAR TIME, ATEEQI SAID HE COULD NOT MAKE A FIRM COMMITMENT BUT NEITHER DID HE WANT TO CLOSE DOOR COMPLETELY.

2. IN DISCUSSIONS WITH SENIOR OFFICIALS INDIVIDUAL ORGANIZATIONS EXIM OFFICIALS DISCOVERED POSITIVE INTEREST IN CO-OPERATION. SENIOR OFFICIAL OF KUWAIT FOREIGN TRADING, CONTRACTING AND INVESTMENT COMPANY (KFTCIC) INQUIRED WHETHER EXIM WOULD BE INTERESTED IN PROVIDING FINANCING TO SUPPORT \$5-6 MILLION IN US EXPORTS IN CONNECTION WITH KARACHI SHERATON HOTEL. HE EXPLAINED THAT KFTCIC OWNS 40 PERCENT EQUITY AND HAS PROVIDED LOANS WORTH MORE THAN TOTAL LIMITED OFFICIAL USE

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CAPITALIZATION; THEREFORE, KFTCIC WOULD LIKE TO JOIN WITH EXIM IN FINANCING PROJECT. CHAIRMAN OF INDUSTRIAL BANK OF KUWAIT CAME FORWARD WITH IDEA OF PROVIDING LINE OF KUWAIT DINAR FINANCING DIRECTLY TO EXIMBANK. THIS WOULD BE PRIVATE PLACEMENT WITH STAGGERED MATURITIES. IBK CHAIRMAN URGED THAT PROPOSAL BE KEPT CONFIDENTIAL SINCE HE WOULD NOT NECESSARILY WISH TO MAKE SAME OR SIMILAR PROPOSAL TO OTHER FINANCIAL INSTITUTIONS.

3. KFTCIC ALSO INTERESTED IN COOPERATIVE FINANCE FACILITY (CFF) ARRANGEMENT WITH EXIMBANK. COMPANY OFFICIAL SAID IT POSSIBLE THAT EVENTUALLY KFTCIC WOULD LIKE ITS MANY SUBSIDIARIES (E.G. IN AFRICA, BRAZIL, SPAIN) ALSO TO HAVE CFF ARRANGEMENTS WITH EXIMBANK. SIMILARLY, ONE LOCAL PRIVATELY OWNED BANK, ALAHLI BANK EXPRESSED DEFINITE INTEREST IN CFF. ALAHLI MANAGER SUGGESTED THAT EXIM APPROACH UBAF GROUP BASED IN PARIS TO DISCUSS POSSIBLE COOPERATION WITH EXIM IN FINANCING PROJECTS ELSEWHERE IN ARAB WORLD, AS HAD BEEN DONE PREVIOUSLY IN CONNECTION WITH SALES BOEING 747 AIRCRAFT TO MIDDLE EAST AIRLINES. WE ALSO LEARNED DURING VISIT OF KUWAITI ATTEMPTS OBTAIN EXIM FINANCING IN CONNECTION WITH SALE OF CEMENT PLANW TO SUDAN.

4. IN ADDITION TO MEETINGS WITH GOK AND FINANCIAL INSTITUTIONS, TUTINO AND BIERMAN MET WITH MANAGERS OF THREE LOCAL PRIVATE TRADING COMPANIES WHICH USE FCIA/EXIM FACILITIES. EACH IS SEEKING TO INCREASE ITS CREDIT LINE, AND ONE, YUSUF AHMAD ALGHANIM AND SONS WLL, IS LARGEST SINGLE PRIVATE USER OF THESE FACILITIES IN ENTIRE WORLD. IN EACH CASE, EXIM OFFICIALS WERE IMPRESSED WITH LOCAL OPERATION AND MANAGEMENT OF COMPANY.

5. COMMENT: TUTINO/BIERMAN VISIT WAS THIRD BY SENIOR EXIM OFFICIALS TO KUWAIT IN PAST YEAR. IN ADDITION ATEEQI MET WITH CHAIRMAN CASEY IN WASHINGTON IN AUGUST. BY NOW IT CLEAR THAT BOTH SIDES INTERESTED IN POSSIBLE COOPERATION, BUT THAT SOME EFFORT WILL BE REQUIRED TO GET BALL ROLLING. APPEARS THAT CFF RELATIONSHIPS WITH LOCAL INSTITUTIONS WILL BE ONE WAY TO DO SO. EMBASSY WILL CONSULT WITH OTHER FINANCIAL INSTITUTIONS TO SEE IF OTHERS ARE ALSO INTERESTED; TRADITIONALLY KUWAITI INSTITUTIONS HAVE NOT FELT NEED FOR LIMITED OFFICIAL USE

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CFF, BUT AT KFTCIC AND ALAHLI BANK WE GOT IMPRESSION THAT SITUATION MAY BE CHANGING. REGARDING GENERAL COOPERATION, IT INTERESTING TO NOTE THAT COUNTRIES KFTCIC MENTIONED, PAKISTAN, MAURETANIA, GUINEA, ARE ONES EXIM HESITATES TO GO INTO DIRECTLY. SIMILARLY, IBK PROPOSAL TO PROVIDE KUWAIT DINAR CREDIT LINE TO EXIM IS INTERESTING, AND MAY BE EASIEST WAY FOR EXIM TO AUGMENT ITS OWN RESOURCES WITH KUWAITI FUNDS. NEVERTHELESS, IT IS UNORTHODOX AND MAY BE DIFFICULT TO IMPLEMENT. HOWEVER, EXIM-KUWAIT DISCUSSIONS HAVE BEGUN TO GET DOWN TO SPECIFICS, AND MERITS OF INDIVIDUAL PROPOSALS WILL BE OF KEY SIGNIFICANCE IN DETERMINING WHETHER TANGIBLE RESULTS WILL EMERGE FROM PRELIMINARY MEETINGS THAT HAVE TAKEN PLACE OVER PAST YEAR.

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